

February 9, 2016

JOHN D. HEFFNER
(202) 742-8607
Direct Fax (202) 742-8697
John.Heffner@strasburger.com

BY HAND

240087

Ms. Cynthia T. Brown
Chief of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

ENTERED
Office of Proceedings
February 9, 2016
Part of
Public Record

**RE: FD 35993, Grenada Railroad, LLC – Lease and Operation
Exemption – Illinois Central Railroad Company**

Dear Ms. Brown:

Pursuant to 49 U.S.C. §10902 and CFR §1150.41, I am submitting on behalf of Grenada Railroad, LLC, an original and ten copies of a verified notice of exemption for lease and operation of a rail line. Please note that Exhibit B contains both the required Class III railroad certification and the verification.

In addition, I am enclosing a check for \$1900 payable to the Board and a copy of this filing on a computer disk. Please date stamp and return for our records one copy of this filing.

Sincerely yours,



John D. Heffner

FEE RECEIVED
February 9, 2016
SURFACE
TRANSPORTATION BOARD

cc: David Michaud, Esq.

FILED
February 9, 2016
SURFACE
TRANSPORTATION BOARD

7626617.1/SP/24984/0103/020916

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 35993

**GRENADA RAILROAD, LLC
—LEASE AND OPERATION EXEMPTION—
ILLINOIS CENTRAL RAILROAD COMPANY**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. §10902 and 49 CFR §1150.41**

Submitted By:

David Michaud
Iowa Pacific Holdings, LLC
118 S. Clinton
Suite 400
Chicago, IL 60661
(312) 667-0377

AND

John D. Heffner
Strasburger & Price, LLP
1025 Connecticut Avenue, N.W.
Suite 717
Washington, D.C. 20036
(202) 742-8607

Petitioner's General Counsel

Counsel for Petitioner

Dated: February 9, 2016

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 35993

**GRENADA RAILROAD, LLC
—LEASE AND OPERATION EXEMPTION—
ILLINOIS CENTRAL RAILROAD COMPANY**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. §10902 and 49 CFR §1150.41**

GRENADA RAILROAD, LLC (“GRYR”)¹, an existing Class III short line railroad, files this Notice of Exemption, pursuant to 49 C.F.R. Part 1150, Subpart D – Exempt Transactions, with the Surface Transportation Board (the “Board”) to permit it to lease and operate approximately 2.5 miles of track (“the Line”) in Canton, MS, presently owned by the Illinois Central Railroad Company (“ICRR”).² The Line extends between MP 703.8 and MP 706.3, including but not limited to any sidings, yard tracks, yard leads or ancillary tracks, switches, signals, crossings, structures, bridges, together with land upon which said tracks are situated (“Track”) in the Town of Canton, in the State of Mississippi as shown on Exhibit A attached herein and made a part hereof.

¹ GRYR was formerly known as Illinois Company Rail Road, LLC. GRYR amended its notice of exemption to the STB on July 14, 2015 for Illinois Company Rail Road, LLC to change its name to Grenada Railroad, LLC.

² ICRR is a subsidiary of the Canadian National Railway.

INFORMATION REQUIRED BY 49 CFR §1150.43

Name and Address of Applicant 49 CFR §1150.43(a)

Grenada Railroad, LLC
c/o Iowa Pacific Holdings, LLC
118 S. Clinton, Suite 400
Chicago, IL 60661

Applicant's Representative 49 CFR §1150.43(b)

John D. Heffner
Strasburger & Price, LLP
1025 Connecticut Ave., N.W.
Suite 717
Washington, D.C. 20036
(202) 742-8607

Statement of Agreement 49 CFR §1150.43(c)

GRYR has executed a lease and operating agreement with ICRR to provide common carrier rail service over the Line.

Operator of the Property 49 CFR §1150.43(d)

While GRYR will provide common carrier railroad service on the Line, ICRR will continue to serve a customer at the end of the Line.

Brief Summary of Transaction 49 CFR §1150.43(e)

GRYR is a limited liability company and an existing Class III common carrier that holds authority from the Board to operate about 175.4 route miles in Mississippi (the "Grenada Line"). GRYR is indirectly owned by short line holding company Iowa Pacific Holdings, LLC ("IPH"), through its wholly-owned,

noncarrier subsidiary, Permian Basin Railways (“PBR”). IPH/PBR formed GRYR for the purpose of leasing and operating the entire Grenada Line including both the Grenada Branch Line and the Water Valley Branch Line.

On June 23, 2015, GRYR executed a Lease/Purchase and Operating Agreement with both North Central Mississippi Regional Railroad Authority (NCMRRA) and Grenada Railway, LLC (“Grenada Railway”) whereby GRYR became the lessee/operator of the entire Grenada Line for at least 15 years.³

NCMRRA is a political subdivision and regional railroad authority originally established in 2008 under Mississippi law for the purpose of preserving railroad service on the Grenada Line. NCMRRA is a noncarrier that does not currently own or operate any railroad lines or provide any railroad service subject to the Board’s jurisdiction under the ICC Termination Act. Pursuant to an agreement executed on June 23, 2015, NCMRRA purchased all of Grenada Railway’s Membership Interests from its two then-owners, Kern W. Schumacher and Rhonda L. Nicoloff.⁴ Mr. Schumacher and Ms. Nicoloff had established Grenada Railway in 2009 for the purpose of buying all of the rail assets comprising

³ See: FD 35940

⁴ Accordingly, NCMRRA did not require Board authority to acquire GRYR’s Membership Interests..

the Grenada Line from CN's predecessors-in-interest, the Illinois Central Railroad Company and Waterloo Railway Company.⁵

Upon acquisition of Grenada Railway's ownership interests, NCMRRA became the owner of the Grenada Railway corporate entity, which owned the underlying rights-of-way, track structure, operating and interchange rights, buildings and other structures, and all other assets that were necessary for the provision of railroad service.⁶ The 15-year Lease and Operating agreement executed among NCMRRA, Grenada Railway, and GRYR, gave GRYR access to all of the Grenada Railway assets including use of Grenada Railway's common carrier obligation, underlying rights-of-way, track, operating and interchange rights, buildings and other structures, and all other assets that are necessary for the provision of railroad service.

The purpose of this specific transaction between ICRR and GRYR is to facilitate an interchange and switching agreement between GRYR and ICRR for GRYR to provide improved service to Barnett Phillips Lumber Co., a shipper located at Canton, MO.

Other information required

⁵ That transaction was the subject of a decision served May 29, 2009, *Grenada Railway, LLC—Acquisition and Operation Exemption—Illinois Central Railroad Company and Waterloo Railway Company*, FD 35247.

⁶ Overhead trackage rights between MP 403.0 and MP 703.8 that ICRR had reserved from GRYR's 2009 acquisition from it will be unaffected by this transaction. NCMRRA and ICRR will continue to honor those rights.

- (1) Name and address for the party transferring the subject property:

Illinois Central Railroad:
17641 South Ashland Avenue,
Homewood, IL 60430-1345

- (2) The proposed time schedule for consummation of the transaction:

GRYR intends to consummate this transaction 30 days after this exemption becomes effective.

The mileposts of the subject property, including any branch lines:

The Line extends between MP 703.8 and MP 706.3 in Canton, MO.

Map 49 CFR §1150.43(f)

A map depicting the railroad trackage to be leased and operated is attached as Exhibit A.

Certificate of Carrier Classification 49 CFR §1150.43(g)

GRYR certifies that with this transaction its projected annual revenues will be less than \$5,000,000. A certificate complying with the provisions of 49 CFR §1150.43(g) is attached as Exhibit B to this notice.

Transactions Imposing Interchange Commitments 49 CFR §1150.43(h)

Not applicable. There are no agreements applicable to the Line imposing any interchange commitments.

Labor Protection

Labor protective conditions are not applicable to transactions under 49 U.S.C. §10902.

Caption Summary

49 CFR §1150.44

A caption summary in the prescribed form is attached as Exhibit C to this Notice.

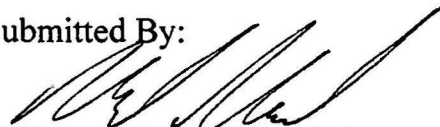
Environmental and Historic Preservation Data

49 CFR §1105

Pursuant to 49 CFR §1105.6(c) (2), the proposed transaction is exempt from environmental review under 49 CFR §1105(c) (2) (i), because the actions proposed herein will not cause any operating changes that exceed the thresholds established in 49 CFR §1105.7(e) (4) or (5).

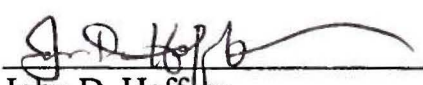
In addition, this transaction is exempt from historic review under 49 CFR §1105.8(b) (1). Under this section, a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for the parties to abandon service, and there are no plans to dispose of or alter the properties subject to Board jurisdiction.

Submitted By:


David Michaud
Iowa Pacific Holdings, LLC
118 S. Clinton
Suite 400
Chicago, IL 60661
(312) 667-0377

Petitioner's General Counsel

Dated: February 9, 2016


John D. Heffner
Strasburger & Price, LLP
1025 Connecticut Avenue, N.W.
Suite 717
Washington, D.C. 20036
(202) 742-8607

Counsel for Petitioner

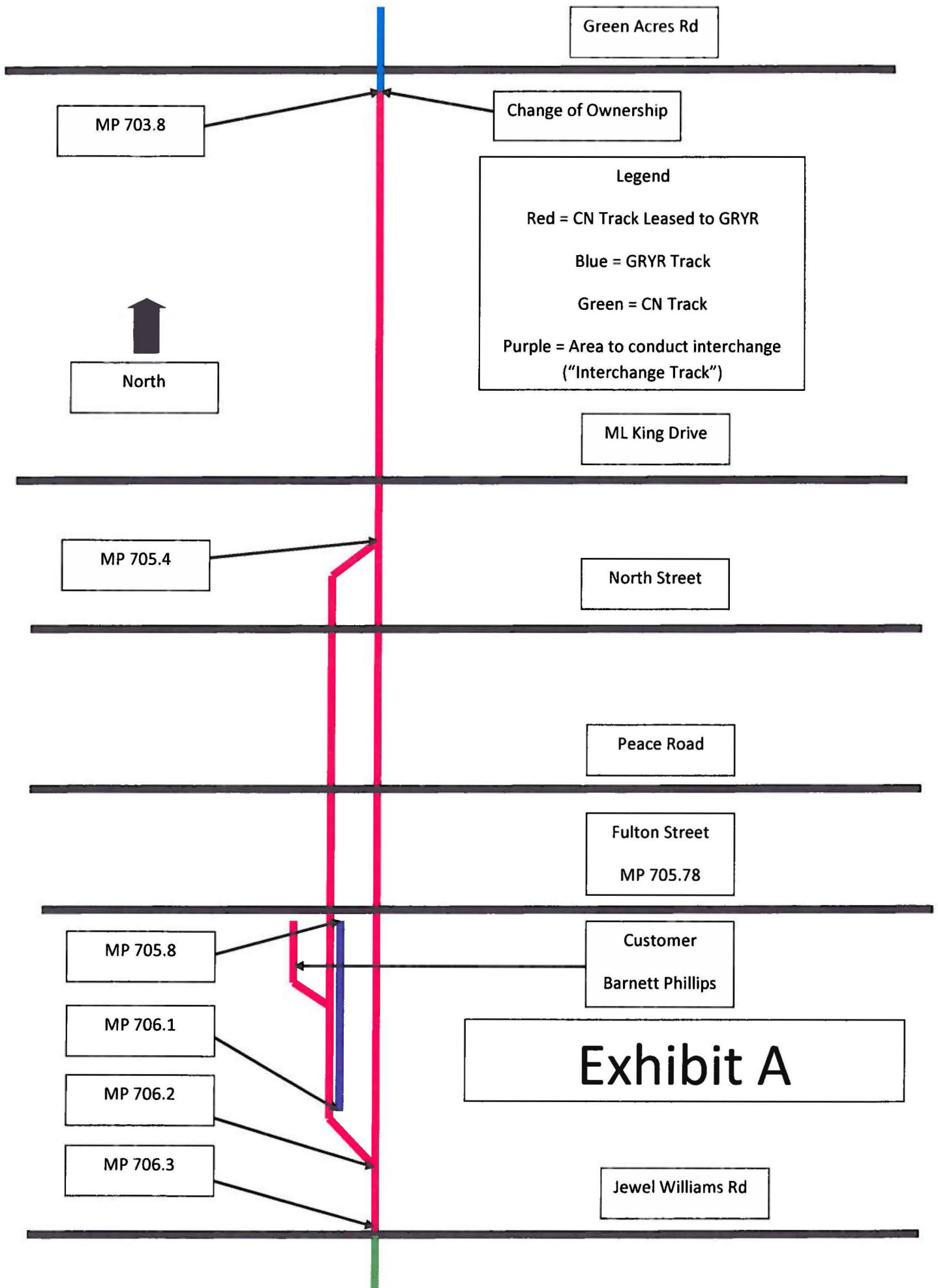


EXHIBIT B

State of Illinois)
)
County of Cook)

VERIFICATION AND
Certificate OF COMPLIANCE

Edwin E. Ellis, being first duly sworn, deposes and states that:

I am the President and CEO of applicant Grenada Railroad, LLC

I have read the foregoing Notice of Exemption; that am familiar with the facts stated therein and that the contents thereof are true and correct to the best of my knowledge and belief.

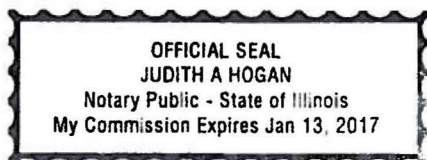
I hereby certify that the applicant's projected revenues as a result of the transaction will not exceed \$5 million, or result in the creation of a Class II or Class 1 rail carrier, so as to require processing under §1150.45.


Edwin E. Ellis, President

Subscribed and sworn to
Before me this 1st day of February, 2016


Notary Public

My Commission Expires: Jan 13, 2017



**EXHIBIT C
CAPTION SUMMARY**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 35993

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PURSUANT TO 49 U.S.C. §10902 and 49 CFR §1150.41**

Grenada Railroad, LLC. (“GRYR”) has filed a notice of exemption, pursuant to 49 U.S.C. §10902 and 49 CFR §1150.41 et. seq., Exempt Transactions, with the Surface Transportation Board, to lease and operate approximately 2.5 Miles of track owned by the Illinois Central Railroad Company between MP 703.8 and MP 706.3, (“the Line”) including but not limited to any sidings, yard tracks, yard leads or ancillary tracks, switches, signals, crossings, structures, bridges, together with land upon which said tracks are situated (“Track”) in the Town of Canton, in the State of Mississippi.

GRYR certifies that its projected annual revenues as a result of this transaction would not exceed those that would qualify it as a Class III rail carrier and further certifies that its projected annual revenues on this Line will not exceed

\$5 million. If the verified notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 40 U.S.C. §10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of this exemption. Petitions to stay must be filed no later than February 25, 2016 (no later than 16 days from the date of filing the exemption).

An original and 10 copies of all pleadings, referring to FD 35993 must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington D.C. 20423-0001. In addition, one copy of each pleading must be served on

David Michaud
Iowa Pacific Holdings, LLC
118 S. Clinton
Suite 400
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Board decisions and notices are available on our website at WW.STB.DOT.GOV.

Decided:

By the Board,
Daniel R. Elliot III, Chairman